

## **State of Delaware Urgent Care and High Tech Imaging Plan Design Impact Fiscal Year 2017, Quarter 3 Incurred Costs, Utilization, Trends and Annualized Projections**

### **Overview**

To continue monitoring the impact of consumer education and plan design with respect to member copayments for urgent care services and high tech imaging services, this quarterly update provides totals for cost and utilization based on incurred claims for the first three quarters of Fiscal Year (FY) 2017 for the Delaware active employee and early retiree population. Costs and utilization based on the first three quarters are annualized to project total FY17 spend and use.

### **Summary of Findings**

- **Based on the first three quarters of claims, it is estimated that the State of Delaware will save \$560,000 as a result of the urgent copay reduction implemented for FY17.**
- **Based on the first three quarters of claims, it is estimated that the State of Delaware will save \$2.8 million as a result of the waiver of copayments for high tech imaging services at freestanding facilities implemented for FY17.**
- **Total visits to emergency rooms for urgent care treatable conditions declined year to date (-4.1%), but were far outpaced by a corresponding increase in urgent care visits (15.7%).**
- **Total visits to outpatient hospital-based facilities for high-tech imaging declined 13.9% year to date and outpaced a corresponding slight increase in visits (0.9%) to freestanding facilities.**

**Table 1: FY17 (Jul 16 – Mar 17) and FY16 (Jul 15 to Mar 16) Visits, Net Pay and Allowed Amount for Emergency Rooms (Urgent Care Treatable Conditions) and Urgent Care Facilities**

Place of Service		Visits	Net Pay	Allowed
Emergency Rooms <sup>1</sup>	Jul 16 – Mar 17	9,659	\$11,674,258	\$13,157,975
	Jul 15 – Mar 16	10,073	\$12,501,706	\$14,194,679
	Change	-414	(\$827,448)	(\$1,036,704)
Urgent Care Facility	Jul 16 – Mar 17	36,414	\$3,712,413	\$4,569,419
	Jul 15 – Mar 16	31,465	\$3,029,362	\$3,953,023
	Change	4,949	\$683,051	\$616,396

For the first three quarters of FY17 compared to the first three quarters of FY16:

- Visits to emergency rooms (for urgent care treatable conditions) declined by 4.1% (414 less visits). The total allowed amount for these visits was about \$1 million less.
- Visits to urgent care facilities increased 15.7% (4,949 more visits). The total allowed amount for these visits was about \$616,000 more.
- Overall, combined utilization of emergency rooms and urgent care facilities for comparable conditions was higher in the first three quarters of FY17 compared to the first three quarters of FY16. There were 46,073 total visits in the first three quarters of FY17 compared to 41,538 visits in the first three quarters of FY16.

Extrapolating these findings to the full fiscal year:

- It is estimated there will be at least 550 less visits to emergency rooms and about 6,600 more visits to urgent care facilities in FY17 than in FY16.
- The total cost of emergency room visits for urgent care treatable conditions will be \$1.38 million less in FY17 than in FY16.
- The total cost of visits to urgent care facilities will be \$822,000 more in FY17 than in FY16.
- **The combined projected changes result in an estimated savings of \$560,000 for FY17 over FY16.**

<sup>1</sup>Emergency room visits are limited to a subset of visits that would be appropriate for treatment at an urgent care facility. Methodology is discussed in the Baseline Report.

After declines in the first two quarters of FY 17, visits per 1,000 members to emergency rooms for conditions that could be treated in an urgent care facility increased in the third quarter to 135.1. This rate was about the same as the final quarter of FY16 (135.3 per 1,000 members), but remained below the projected trend prior to the copay waiver (Figure 1).

After a decline in the first quarter of FY17, visits to urgent care facilities increased in second and third quarters to 593.9 per 1,000 members. The rate of visits in the third quarter exceeded the projected trend prior to the copay waiver (Figure 2).

During the first three quarters of FY17, visits to urgent care cost about \$1,236 less than a visit to the emergency room for comparable conditions.

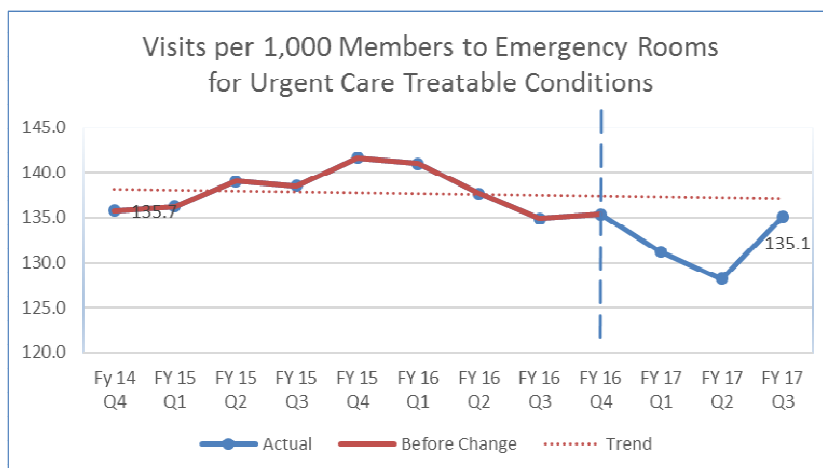


Figure 1

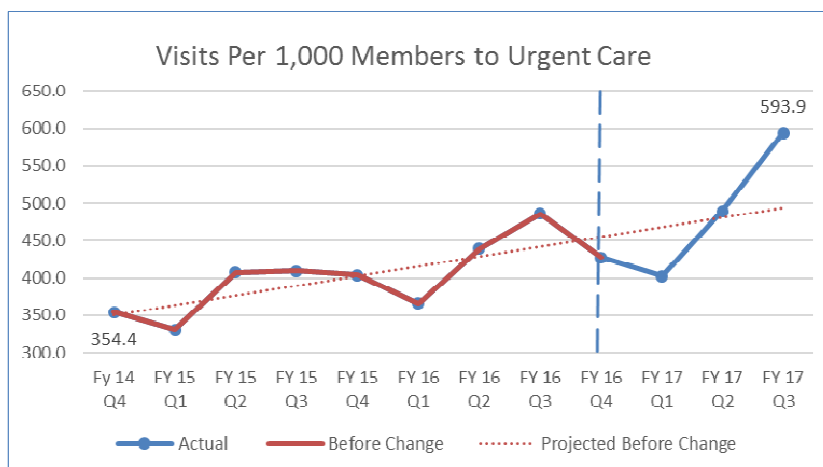


Figure 2

**Table 2: FY 17 (Jul 16 to Mar 17) and FY 16 (Jul 15 to Mar 16), Visits, Net Pay and Allowed Amount for High Tech Imaging at Outpatient Hospital-based Facilities and Freestanding Facilities**

Place of Service		Visits	Net Pay	Allowed
Outpatient Hospital	Jul 16 - Mar 17	8,371	\$9,861,988	\$10,267,776
	Jul 15 - Mar 16	9,718	\$11,894,235	\$12,399,668
	Change	-1,347	(\$2,032,247)	(\$2,131,892)
Freestanding Facility	Jul 16 - Mar 17	5,643	\$2,369,843	\$2,501,109
	Jul 15 - Mar 16	5,594	\$2,328,305	\$2,595,683
	Change	49	\$41,537	(\$94,574)

For the first three quarters of FY17 compared to the first three quarters of FY16:

- Visits to outpatient hospital-based facilities for high tech imaging services decreased by 13.9% (1,347 less visits). The total allowed amount for these visits was \$2.1 million less.
- Visits to freestanding facilities for high tech imaging services increased by 0.9% (49 more visits). The total allowed amount for these visits was about 95,000 less.
- Overall, combined utilization for high tech imaging services was lower in the first three quarters of FY17 compared to the first three quarters of FY16. There were 15,312 total visits in the first three quarters of FY16 compared to 14,014 visits in the first three quarters of FY17.

Extrapolating these findings to the full fiscal year:

- It is estimated there will be almost 1,800 less visits to outpatient hospital-based facilities and about 65 more visits to freestanding facilities for high tech imaging services in FY17 than in FY16.
- The total cost at hospital outpatient-based facilities for high tech imaging visits is projected to be about \$2.8 million less in FY17 than in FY16.
- The total cost of freestanding facilities for high tech imaging services is projected to be about \$126,000 less in FY17 than in FY 16.
- **The combined projected changes result in an estimated savings of about \$2.97 million for FY17 over FY16.**

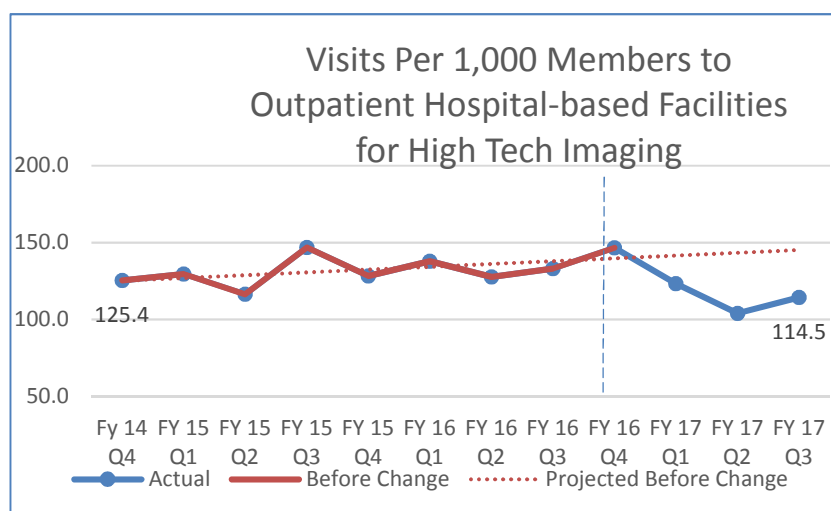


Figure 3

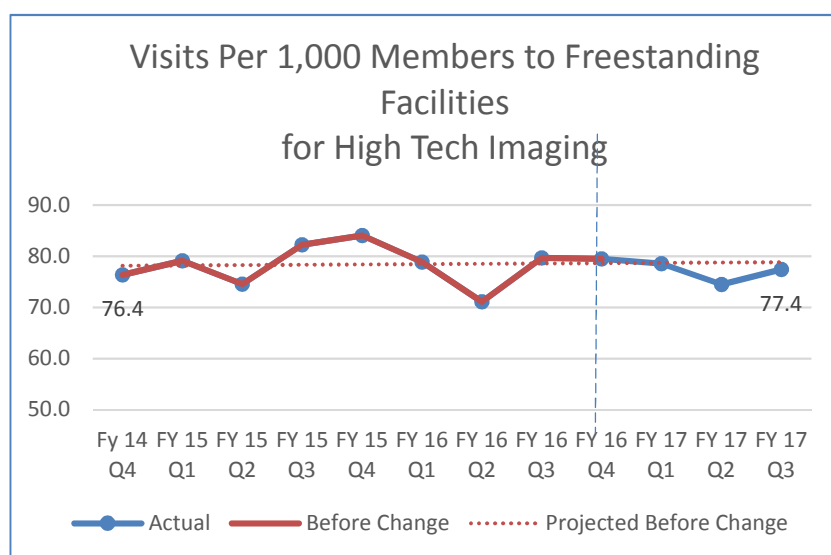


Figure 4

Visits per 1,000 members to outpatient hospital-based facilities for high-tech imaging services ticked up in the third quarter of FY17 after two quarters of decline. However, the rate of visits (114.5 per 1,000 members) was below the projected trend prior to copay reduction (Figure 3).

Visits to freestanding facilities for high-tech imaging services ticked up in the third quarter of FY 17 to 77.4 per 1,000 members. This rate was consistent with the projected trend prior to copay reduction (Figure 4).

In the first quarter of FY17, high-tech imaging was \$783 less per visit in freestanding facilities than in outpatient hospital-based settings.